

## Types of Disaster Loans

SBA offers four different types of financial assistance to businesses (and even homeowners) that experience damage resulting from a declared disaster. This assistance comes in the form of long-term, low-interest loans to repair or replace damaged property.

### Business Physical Disaster Loans

#### Designed For:



Businesses of any size, and most nonprofit organizations that have experienced damage in a declared disaster area.

- Real property
- Machinery
- Equipment
- Fixtures
- Inventory
- Leasehold improvements

#### Loan Amounts and Use

SBA makes physical disaster loans of up to \$2 million to qualified businesses. These loan proceeds may be used for the repair or replacement of the following:

#### Eligibility and Terms

Businesses - regardless of size - that are located in a declared disaster area

may apply for Physical Disaster Loans. These loans are offered with up to 30 year terms, and the interest rate is capped at 8%, unless the SBA determines that an applicant cannot obtain credit from another source. In this case, the interest rate is capped at 4%.

**Pro tip:** A Physical Disaster Loan may be increased by up to 20% of the total amount of physical loss to protect against future disasters of the same type.

### Economic Injury Disaster Loans (EIDL)

#### Designed For:



Small businesses, small agricultural cooperatives, and most nonprofit organizations that have experienced substantial economic injury.

**Pro tip:** A business may qualify for both an EIDL and a physical disaster loan, up to a combined \$2 million.

#### Loan Amounts and Use

Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses. EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster.

SBA can provide up to \$2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred.

#### Eligibility and Terms

The interest rate will not exceed 4% per year, and the term will not exceed 30 years. EIDLs are available only to small businesses unable to obtain credit elsewhere.

### Military Reservists Economic Injury Loans (MREIDL)

#### Designed For:



Small businesses with an essential employee that was called-up to active duty in his or her role as a military reservist.

#### Loan Amounts and Use

The maximum MREIDL loan amount is \$2 million.

These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary obligations as they mature until operations

return to normal after the essential employee is released from active military duty. The purpose of MREIDL loans is not to cover lost income or lost profits, and they cannot be used in lieu of regular commercial debt, to refinance long-term debt, or to expand the business.

#### Eligibility and Terms

Businesses with the financial capacity to fund their own recovery are not eligible for MREIDL assistance.

The MREIDL interest rate is 4% and has repayment terms up to 30 years. The filing period for MREIDL assistance begins on the date the essential employee receives a notice of expected call-up and ends one year after the essential employee is discharged or released from active duty.

Collateral is required for all MREIDL loans over \$50,000, and real estate is acceptable collateral.

### Home and Personal Property Loans

#### Designed For:



Homeowners, renters, and personal property owners that have experienced damage.

#### Loan Amounts and Use

Homeowners may apply for up to \$200,000 to replace or repair their primary residence. In addition, renters and homeowners may

borrow up to \$40,000 to replace or repair personal property, like clothing, furniture, cars and appliances.

#### Eligibility and Terms

Only primary residences are eligible for these loans, including qualified rental properties. Proceeds from insurance coverage are deducted from the total

damage estimate in order to determine the eligible loan amount.

SBA Disaster Loans are offered with up to 30 year terms.

The interest rate is capped at 8%, unless the SBA determines that an applicant cannot obtain credit from another source. In this case, the interest rate is capped at 4%.